REMARKS

In response to the above-identified Office Action, Applicant has amended the specification and claims 13 and 22-23 to correct minor informalities. As such, Applicant submits that no new matter has been added by way of these amendments. In view of these above amendments and the following remarks, Applicant hereby requests further examination and reconsideration of the application, and allowance of claims 1-30.

An initialed copy of Form PTO 1449 submitted for the Office's consideration on December 8, 2000 was not received by Applicant. Accordingly, Applicant respectfully requests that a copy of an initialed Form PTO 1449 be included in a subsequent action.

The Office has rejected claims 1-30 under 35 U.S.C. §103(a) as being unpatentable over U.S. Patent No. 6,154,732 to Tarbox in view of U.S. Patent No. 5,794,207 to Walker et al. ("Walker"). In particular, the Office asserts that Tarbox discloses all the method/system claims related to electronically selling information (i.e., investment advice) to a buyer (i.e., investor), wherein the method/system comprises: receiving an offer (i.e., fee(s)) for the information including at least one contingency from the buyer; providing the information in response to the offer; and receiving a first payment for the information if at least one condition for the contingency is satisfied after the information has been provided to the buyer (see col. 3, lines 21+; col. 2, lines 4-46). The Office concedes that Tarbox fails to disclose sending a counteroffer to the buyer based on the offer, but asserts that sending counteroffers to buyers based on offers is disclosed by Walker (see at least col. 9, 11. 5-51). The Office further asserts that it would have been obvious to integrate the counteroffer feature allegedly disclosed by Walker into the Tarbox system because the ability to counteroffer would allow making recommendations that cater to participants' financial needs. Applicant hereby respectfully traverses the outstanding rejections for the following reasons.

Neither Tarbox nor Walker, alone or in combination, suggest or disclose, "receiving a first payment for the information if at least one condition for the contingency is satisfied after the information has been provided to the buyer," as recited in claims 1 and 21, or "a contingent payment processing system that receives a first payment for the information if at least one condition for the contingency is satisfied after the information has been provided to the buyer," as recited in claim 11. Applicant respectfully directs the Office's

attention to col. 3, lines 47-53; col. 7, line 66 through col. 8, line 16; and FIG. 2 in Tarbox, which discloses the participant advisor 32 receiving compensation in exchange for providing plan participants 14 with investment recommendations 44 with respect to which trusts 20-26 they should invest in. But, the participant advisor 32 receives the compensation regardless of how the trusts 20-26 perform in view of the investment recommendations 44, not as a result of conditions for any contingencies being satisfied, such as the trusts 20-26 performing as predicted in the recommendations 44. Similarly, the financial expert 30 and the behavioral expert 36 also receive their fees regardless of how the trusts 20-26 perform, and not based on conditions for any contingencies in recommendations 44 being satisfied.

The Office is now respectfully directed to Walker at col. 19, line 13 through col. 20, line 4, and FIGS. 10-11. A seller receives payment in the form of a credit card number and approval code from a buyer for goods being purchased pursuant to a bound conditional purchase offer ("CPO") 100. The seller then delivers the goods to the buyer, as disclosed at col. 20, lines 31-38. Thus, the seller receives payment before the goods are even sent to the buyer. Further, there are no conditions for any contingency that must be met before the seller is paid. Additionally, the buyer examines the delivered goods to see if they meet the conditions and terms of the CPO 100, as disclosed at col. 20, lines 39-47. The buyer here is simply confirming that the delivered goods are the things which the buyer originally sought to purchase, but is not considering whether or not to send the seller payment based upon whether conditions for any contingency were met.

Referring to page 2, lines 7-25 in the above-identified application, the lack of a trustworthy system for selling contingent information goods which ensures that sellers set honest and realistic conditions for the contingencies associated with the goods has created economic inefficiency. Heretofore, sellers would make unreasonable assertions to buyers in establishing their conditions for the contingencies to all but guarantee the conditions are met. For example, a seller may set a condition for the contingency of a company X's stock price at a future date as being that the stock's price will be greater than zero at year's end.

By ensuring that sellers are paid only as a function of the condition's outcome upon which the contingencies are based, the embodiments of the present invention increase the likelihood that more contingent information goods will be transacted between sellers and buyers since buyers can feel confident the sellers are setting honest and reliable conditions, as

disclosed at page 3, line 27 through page 4, line 2, in the above-identified application. In view of the foregoing amendments and remarks, the Office is respectfully requested to reconsider and withdraw the rejections of claims 1, 11 and 21. Since claims 2-10 depend from and contain the limitations of claim 1, claims 12-20 depend from and contain the limitations of claim 11, and claims 22-30 depend from and contain the limitations of claim 21, they are patentable in the same manner as claims 1, 11 and 21.

Additionally, neither Tarbox nor Walker, alone or in combination, disclose or suggest, "adjusting an amount for the first payment based on a probability that the condition for the contingency will occur," as recited in claims 3 and 23, or "the contingent payment processing system adjusts an amount for the first payment based on a probability that the condition for the contingency occurs," as recited in claim 13. As stated above in connection with Tarbox, the participant advisor 32, financial expert 30 and behavioral expert 36 all receive their compensation regardless of how the trusts 20-26 perform in view of the investment recommendations 44. Further, and referring now to col. 11, lines 1-10 in Tarbox, a system monitor 66 calculates investment advisory fees for each benefit plan. But nowhere does Tarbox disclose or suggest adjusting an amount of the investment advisory fees based on probabilities that the conditions in the recommendations 44 will occur. Similarly, and referring now to Walker at col. 16, lines 49-51, a buyer enters a price for goods during construction of the CPO 100. Again, the seller simply receives payment for the goods pursuant to the terms set forth in the bound CPO 100. There is no adjustment being made to the price entered for the goods by the buyer in constructing the CPO 100 based on a probability that conditions for any contingencies will occur. Once the CPO 100 is constructed and bound with respect to both the buyer and seller, the CPO 100 is simply executed which involves paying the seller for the goods based upon the price terms in the CPO.

The embodiments of the present invention make it even more likely that the seller will accurately predict a probability of a condition for the contingency occurring by tying the amount of the payment the seller receives for the contingent information good to the accuracy of the prediction and the probability against the true probability of the actual result, as disclosed at page 4, lines 3-11 in the above-identified application. As mentioned above, ensuring that sellers are paid only as a function of the outcome of the condition on which the contingencies are made increases the likelihood that more contingent information goods will

be transacted between sellers and buyers. In view of the foregoing remarks, Applicant respectfully submits that claims 3, 13 and 23 are distinguishable over the cited references and are patentable for these additional reasons.

In accordance with 37 C.F.R. § 1.121, attached hereto is a marked-up copy of the changes made to the specification and claims by the current amendment. The version with markings to show changes made is located in the attached Appendix A.

In view of all of the foregoing, it is submitted that this case is in condition for allowance and such allowance is earnestly solicited. In the event that there are any outstanding matters remaining in the above-identified application, the Office is invited to contact the undersigned to discuss this application.

Respectfully submitted,

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APPENDIX A

Version With Markings to Show Changes Made

In reference to the amendments made herein to the specification and claims 13 and 22-23, additions appear as underlined text while deletions appear as bracketed text, as indicated below:

In the Specification:

The paragraph beginning at page 9, line 28, has been amended as follows:

Next, in step 66, a formula or function for determining the contingent payment is set. In this particular example, the amount of the contingent payment is based on the announced probability and the amount is designed to be maximized when the announced

[$$\overline{R}\left(\vec{a}\right) = \sum_i p_i R(a_i) \qquad (1)$$]

probability is substantially the same as the true probability for the condition for the contingency occurring.

The paragraph beginning at page 10, line 3, has been amended as follows:

In this example, let the selling system's 12 announced probability for event i be a_i when the true probability is p_i. Let $R(a_i)$ denote a reward or contingent payment function determining the contingent payment paid to the selling system 12 in case event i occurs, as a function of the announced probability for the condition to occur. In this example, the contingent payment function is set up so that the selling system 12 receives some contingent payment no matter what happens, although other payment schemes can be established. The expected reward to the seller who announces the set of probabilities $\{a_i\}$ when the true probabilities are $\{P'_i\}$ is

$$\overline{R}\left(\vec{a}\right) = \sum_i p_i R(a_i) \qquad (1)$$

$\underline{\rightarrow}$

where a is the vector of announced probabilities. We also have the

$$\sum_i a_i = 1$$

constraints

[→]

and $$\sum_i p_i = 1.$$

In this particular example, the contingent payment function shown in Eqn. 1 is set to be maximized if and only if $a_i = p_i$ subject to the normalization constraints. There are many functions that can accomplish this, one of them by way of example has the form

$$R(a_i) = k_1 + k_2 \log a_i \qquad (2)$$

where k_1 and k_2 are arbitrary constants. With this contingent payment function, the selling system 12 who wishes to maximize the contingent payment has no incentive to select or set an announced probability for the condition being satisfied that is not substantially the same as the true probability for that event to occur. The resulting expected contingent payment for this choice of function is the negative entropy of the event distribution. The true probability is the actual likelihood that the condition will be satisfied when the event on which the condition is based occurs and, for example, can be obtained from a study of the actual results or outcomes of the same or a similar condition. Other modifications to the contingent payment function can be made, such as incorporating risk aversion into the equation.

In The Claims:

Claims 13 and 22-23 have been amended as follows:

13. (Amended) The system as set forth in claim 11 wherein the [first] contingent payment processing system adjusts an amount for the first payment based on a probability that the condition for the contingency occurs.

22. (Amended) The medium as set forth in claim [22] 21 further comprising receiving a base payment when the information has been provided to the buyer.

23. (Amended) The medium as set forth in claim [22] 21 further comprising adjusting an amount for the first payment based on an announced probability that the condition for the contingency will occur.